

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEALS OF JOE B.)	APPEAL NOS. 07-A-2620
SCOTT from the decision of the Board of)	AND 07-A-2621
Equalization of Valley County for tax year 2007.)	FINAL DECISION
)	AND ORDER

RESIDENTIAL PROPERTY APPEALS

THESE MATTERS came on for consolidated hearing February 26, 2008, in Cascade, Idaho before Presiding Officer Steven Wallace. Board Member Lyle R. Cobbs was present at hearing. Board Members David E. Kinghorn and Linda S. Pike participated in this decision. Attorney Terry Copple represented Appellant. Assessor Karen Campbell and Chief Deputy Assessor Deedee Gossi appeared for Respondent Valley County. These appeals are taken from decisions of the Valley County Board of Equalization (BOE) denying the protest of the valuation for taxing purposes of property described as Parcel Nos. RP19N03E268485 and RP19N03E268525.

The issue on appeal is the market value of residential property.

The decision of the Valley County Board of Equalization is reversed.

FINDINGS OF FACT

The subject property consists of two real property parcels. The parties' value positions follow.

Parcel No. RP19N03E268485

The assessed value of this land parcel is \$5,860,370.

Parcel No. RP19N03E268525

The assessed land value is \$10,912,540, and the improvements' valuation is \$5,005,670, totaling \$15,918,210. This second parcel has several improvements or structures including a main lodge like building, a guest cabin, and various outbuildings for storage and shop work space.

There are also a tennis court and corral improvements.

Appellant requests the total value for both parcels be reduced to \$11,400,000 based on the estimate of value presented in a fee appraisal.

The subject property is located near McCall, Idaho and the land area consists of 35.26 acres with 1,269 front feet on Payette Lake. The property was purchased by the Appellant in 1992 for \$8,000,256. It was historically used as a Boy Scouts camp. Lakefront homesites are limited in number and Payette Lake is considered pristine with desirable lakefront property. The subject property is the largest single-family type site and residence on the lake and in the county.

Given the abnormal size and unique development of the property, Appellant felt the assessment was excessive. An independent fee appraisal was commissioned from a qualified appraiser to determine the property's fair market value.

At hearing, the appraiser presented the methodology and data used to determine the value of the subject property as of January 1, 2007. The cost and sales comparison approaches to value were processed and considered. The private appraiser opined the potential number of purchasers for property exceeding \$5,000,000 in value was very limited and that the marketing and sale of such property could take 3 to 5 years to consummate.

In considering the land's highest and best use, it was determined to develop the land would require the improvement be destroyed or significantly devalued, which was not considered prudent. The extensive improvements however contribute to the land's value, making it inappropriate to value the land as development land. In the fee appraiser's opinion, the most appropriate highest and best use of the subject land was to value it as a large single-family residential estate. As such, it is the largest single-family residential estate in Valley County and extremely unique.

There was one (1) other property on the lake that approached subject in size. The exact sale price and terms were unobtainable due to a confidentiality agreement. This 18-acre estate had been listed for sale for \$11 million. It was believed to have sold for somewhere between \$8,000,000 and \$9,000,000.

The County valued the subject land and other residential lakefront property on a front foot basis. Subject's frontage was 1,269 feet. This amount was by far the largest residential lake frontage. Of the 1,269 feet, there was an 80-foot section improved with a sandy beach and other waterfront improvements.

The Appellant presented several supported arguments as to why this valuation was excessive. First and foremost was that when there was excessive land, the value of the land decreases on a per unit basis. When there is an optimal size lakefront lot, the price per lake front footage is higher for smaller lots than for larger sites. In order to support the higher value rate for subject, the lake frontage would have to be subdivided and the improvements destroyed, plus significant development costs incurred.

The Appellant argued that the land value of the larger parcel should be assessed at \$3,041,500 and the second smaller parcel at \$1,400,000 for a total land value for the two parcels of \$4,440,000. Under the cost approach the value of the land with improvements valued at \$6,966,000 would equal \$11,406,000. The value of the improvements taken together with the value of the land under the sale comparison approach would total \$12,000,000. In the Appellant's opinion, because this property is so unique, a valuation at the higher range was appropriate. Thus, in his opinion, the value for both lots with improvements should be \$12,000,000.

Appellant further presented evidence on subject's improvements value as determined from multiple cost sources. Evidence was also offered in support of Appellant's contention that sales

of residential property within Valley County decreased by 1/3 last year. Sales of vacant lots had also decreased by 50%. There was currently an excess inventory on the market. Additionally the median price of home sales had dropped significantly over the same period. Appellant argued the drop in sales activity over the entire county does not support subject's assessed value increase of 52%.

Respondent presented its case in support of the assessment. Subject was noted to have panoramic views of the mountains and lake. The land's topography was described as a moderate slope with a sandy beachfront area.

Payette Lake properties, including subject, were valued from a determination of a standard lakefront lot value. The standard lot was determined as 100 front feet by 225 feet deep. This standard 100 front foot size was also considered optimal by Appellant's expert. Sales of several lakefront properties were considered in determining the base rate (\$20,000) for each lakefront foot. Adjustments were applied to the standard lot value for differences inherent to the property being appraised. For Appellant's property this meant adjustments for effective depth and excess or buffer land.

Parcel #268485A was not considered a standard lot. It's final assessed value was \$13,230 per front foot. The second lot, parcel #268525 contained improvements and had 868 lakefront feet. It was valued at \$11,769 per front foot. Under examination, the County could specify the adjustments to the land, but could not explain or support their origins.

Respondent valued the subject improvements at \$5,005,670 using a cost approach. The County presented its classifications and values for each structure located on the subject property, along with exhibits showing sales information of similarly classed structures in the area.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

There are few sales of large-sized estates. Many are relatively unique. This makes their appraisal challenging and perhaps more subjective.

Appellant presented value evidence from a timely appraisal by a well qualified appraiser. The valuation problem was considered from different standpoints. The opinion of value was found to be supported.

Respondent's computer valuation appears to account for differing property features. Subject certainly has many. However subject's abnormally large sizes in both land and improvements were not found to be well reflected, or specifically considered, in the computer modeling. The Assessor could not support the appropriateness of the adjustments applied in valuing the subject land. Appellant's valuation focused quite specifically on subject's uniqueness in the marketplace and how that would bear on market value. The Board was persuaded Taxpayer's valuation of subject was the more thorough and supported. Appellant has proven by a preponderance of the evidence that the assessed value is incorrect. The decision of the Valley County Board of Equalization will be reversed. The \$12,000,000 value presented by Appellant for both parcels as a single site is deemed to be correct.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Valley County Board of Equalization concerning the subject parcels be, and the same hereby is,

REVERSED lowering the two parcels' total assessed value to \$12,000,000. This valuation reflects an underlying land value which averages \$3,500 per front foot. The County may allocate the \$12,000,000 total value as necessary giving due consideration to the \$3,500 per front foot rate.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

MAILED April 30, 2008